

*How does the bill improve health insurance for all Americans? □ What will this bill require of me? □ What will the new health care exchange and the public option mean for Illinois families?*

### **The Affordable Health Care for America Act creates new guarantees for affordable, quality insurance for all Americans**

- The bill limits annual out-of-pocket expenses for insurance plans at a maximum of \$5,000 for an individual and \$10,000 for a family, indexed to inflation, with lower levels for lower-income and middle-income families participating in the exchange.
- Insurers will no longer be allowed to deny care based on pre-existing conditions.
- Insurers will no longer be allowed to place annual or lifetime caps on coverage.

### **The Affordable Health Care for America Act requires shared responsibility from all Americans**

- In Illinois, insured families pay an additional \$1,200 a year in premiums to cover the uncompensated care costs of the uninsured. This "hidden tax" exists because doctors and hospitals shift the costs of the insured more by charging insurers more for the services provided to patients who do have health insurance.
- Individuals will be required to obtain health insurance coverage or pay a fee equal to the lower of 2.5 percent of their adjusted income or the average premium on the exchange.
- Individuals and families below the income tax filing threshold are exempt. Individuals may also apply for a hardship waiver if coverage is unaffordable and selected exemptions are provided in the statute. Those with coverage through the VA or who are eligible for government-sponsored health care because they are a member of a tribe are considered to have fulfilled the requirement.
- In order to ensure affordable insurance options, the newly established health insurance exchange will provide sliding-scale affordability credits to help families afford insurance options, both private and public.

### **The Affordable Health Care for America Act establishes a new Health Insurance Exchange**

- The exchange will be a marketplace where consumers will be able to choose from a wide range of health care plans, including the public option and private plans. Plans will need to be described in commonsense language to make comparison shopping easier on the basis of coverage, benefits and cost.
- The benefit of such a marketplace is in its ability to "pool" risk across state lines, and thus make insurance more affordable for consumers within the pool. No one will be forced to use the new exchange - if you like the current coverage you have, you can keep it.

### **How does the Health Insurance Exchange Benefit Me?**

- Choice and Competition - The Exchange gives people the ability to choose from a variety of plans in one location. It will make it easier to comparison shop and understand the plans on the basis of cost, quality and benefits. It also creates a venue for small plans and national plans to have an equal opportunity to offer coverage and encourage competition for greater consumer choice.
- Affordable Health Care - Affordability credits will be available for people purchasing insurance coverage through the Exchange to ensure that health care is affordable to people of all incomes.
- Lifetime Security - Once an employer or individual enrolls in coverage through the Exchange, they remain eligible to partake in the Exchange even if their circumstances change that would otherwise exclude them.

### **Who is Eligible for the Exchange?**

- In the first year (2013) the Exchange is open to individuals who do not have coverage elsewhere and small employers with 25 or less employees.
- In the second year (2014) the Exchange is expanded to small businesses with 50 or fewer employees and individuals who have been offered insurance by their employer, but whose employer's plan would be unaffordable because the premium is more than 12% of the family's income.

## **Health Care - Improving Quality, Lowering Costs and Increasing Access**

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- In 2015, the Exchange is expanded to small businesses with 100 or fewer employees and the administrator of the Exchange is given the authority to continue expanding the Exchange to larger employers as the system is ready to handle increased capacity.
- Businesses that want to continue providing their own health coverage as they currently do today will be able to continue to do so - no business is required to enter the exchange.

### **How would the Exchange Make Health Care More Affordable for Me?**

- **Affordability Credits** - Effective 2013, sliding scale "affordability credits" will be provided to individuals and families up to 400% of poverty level, who are not otherwise provided coverage through Medicaid, employer sponsored insurance, or other acceptable coverage.
- **How much are Credits Worth?** - Under the House bill, credits phase out completely for an individual with \$43,320 in income and a family of four with \$88,200 in income (based on 2009 income levels).
- **Prioritizing Those Most in Need** - In the first two years of the exchange's operation, credits can only be used to purchase a basic plan. Afterwards, a process will be established to allow credits to be used for enhanced plans in a way that makes clear to the purchaser that they will be responsible for the difference in cost for the additional benefits.
- **Making Insurance More Affordable** - Credits will go towards reducing the costs of both premium and annual out-of-pocket spending.
- The sliding-scale credits limit individual family spending on premiums to no more than 1.5% of income for those with the lowest income and phasing up to no more than 12% of income for those at 400% of poverty.
- Those who receive affordability credits will also see a cap on their annual out-of-pocket expenses. They will be capped at \$500 for an individual and \$1,000 for a family at the lowest income tier graduating to a \$5,000 and \$10,000 cap at higher income tiers.

### **No Credits for Illegals**

- Affordability credits will be prohibited to anyone unlawfully present in the country.

### **What Types of Insurance Plans and Benefits are Available in the Exchange?**

- **Guaranteed Quality Coverage** - All insurance providers who will participate in the exchange must offer plans that cover a set group of essential benefits. These essential benefits will form the foundation of each plan. However, any plan advertised on the Exchange can include additional benefits to meet the extra needs and give greater choices to consumers.
- **Essential Benefits** - All plans in the exchange include coverage for inpatient and outpatient hospital services, physician services, equipment and supplies incident to physician services, preventative services, maternity services, prescription drugs, rehabilitative services, baby and child visits including oral health, vision and hearing services for children, mental health and substance abuse services.
- **Additional Benefits** - Benefits, such as dental and vision benefits for adults, would be considered additional benefits whose inclusion in a plan would vary based on the offerings by insurance providers in the exchange.
- **More Choice and Competition** - The Health Insurance Exchange provides a new venue for insurers to advertise their insurance coverage products. Participation is not mandatory.
- **A public option** - A public option would be one of the options available in the new Health Insurance Exchange. Only participants in the exchange will be able to access the public option, and participants can choose a private option instead of the public option.

### **How would a Public Option Affect Me?**

- In 2013, the public health insurance option will be available in the new Health Insurance

Exchange alongside all of the private health insurance plans (including health co-ops).

- Offering More Choice and Competition - The Public Option is a mechanism to provide more competition and more choices to consumers:
  - Today, many areas of the country are dominated by only one or two insurance companies. Establishing a public health insurance option will create a new choice for individuals and families. Competition will help lower premiums for all plans as the private market is forced to compete on a level playing field. The addition of a public option allows people mobility if they do not like their current plan. If an employer offers coverage, an employee can switch to whatever coverage is offered that they wish to enroll in, be it the public option, private plan or otherwise. Every year, beneficiaries have an open season where they can choose to switch plans and this will remain the same regardless, that's not going to change. If consumers find something better that they can afford, they are free to switch to whatever plan suits them.

### Who Runs the Health Insurance Exchange?

- The Exchange will be under the purview of the Health Choices Administration (HCA), an independent agency within the Executive Branch.
- The HCA will be administered by a Health Choices Commissioner, appointed by the President with consent of the Senate.
- In addition to being charged with the creation and execution of the Exchange, the Commissioner will also be in charge of making sure that each plan offered on the Exchange meets the proper qualifications (such as including the "essential benefits") and the administration of affordability credits.

### Alternatives to the Exchange

- State-based options - States will have the option to create their own exchange or join with a group of states to create their own exchange in lieu of the national exchange.
- The State-based exchange must meet the same requirements as the national exchange.

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- Health Insurance Co-ops - The Commissioner will establish a plan and will execute the process to establish an insurance co-op for organizations that wish to start a non-profit health insurance cooperative.

- Insurance Across State Lines - Interstate Health Insurance Compacts would allow 2 or more States to form "Health Care Choice Compacts" to facilitate the purchase of individual health insurance across state lines, as long as the compact obtains licensure in each state and maintains authority of the State in which a covered individual resides to protect the individual.